



RECEIVED

March 30, 2004

MAR 30 2004

PUBLIC SERVICE
COMMISSION

Louisville Gas and Electric Company
220 West Main Street (40202)
P.O. Box 32010
Louisville, Kentucky 40232

Thomas Dorman, Executive Director
Public Service Commission of Kentucky
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40601

Case 2004-00117

Re: Gas Supply Clause Case No. 2004-00XXX

Dear Mr. Dorman:

Pursuant to the provisions of the Company's Gas Supply Clause as authorized by the Commission, we file herewith an original and four copies of the Eighteenth Revision to Original Sheet No. 12 of LG&E Tariff PSC of Kentucky Gas No. 5 setting forth a Gas Supply Cost Component of 74.885 cents per 100 cubic feet applicable to all gas sold during the period of May 1, 2004 through July 31, 2004. In addition, we file herewith a corresponding number of copies of "Supporting Calculations for the Gas Supply Clause."

Also enclosed herewith is a summary of our gas service rates effective for the period of May 1, 2004 through July 31, 2004.

Furthermore, we are filing a petition to seek confidentiality with respect to the names of natural gas suppliers otherwise shown on Exhibit B-1, Pages 5 and 6 of 6.

This filing represents expected gas costs for the May 1, 2004 through Jul 31, 2004 period. The Gas Cost Actual Adjustment (GCAA) and the Gas Cost Balance Adjustment (GCBA) levels are changed from the levels that were implemented on February 1, 2004. These adjustment levels will remain in effect from May 1, 2004 through July 31, 2004.

We respectfully request your acceptance of this filing which we believe is in full compliance with the provisions of the LG&E Gas Supply Clause approved by the Kentucky Public Service Commission.

Respectfully,

Mary Gillespie
Rate and Regulatory Analyst

Enclosures

Louisville Gas and Electric Company

Eighteenth Revision of Original Sheet No. 12

P. S. C. of Ky. Gas No. 5

STANDARD RATE SCHEDULE	GSC
Gas Supply Clause	
APPLICABLE TO All gas sold.	
GAS SUPPLY COST COMPONENT (GSCC)	
Gas Supply Cost	67.718¢
Gas Cost Actual Adjustment (GCAA)	5.932
Gas Cost Balance Adjustment (GCBA)	0.151
Refund Factors (RF) continuing for twelve months from the effective date of each or until Company has discharged its refund obligation thereunder:	
None Applicable	
Performance-Based Rate Recovery Component (PBRRC)	<u>1.084</u>
Total Gas Supply Cost Component Per 100 Cubic Feet (GSCC)	74.885¢

Date of Issue: March 30, 2004
Canceling Seventeenth Revision of
Original Sheet No. 12
Issued January 30, 2004

Issued By

Date Effective: May 1, 2004

Michael S. Beer, Vice President
Louisville, Kentucky

Issued By Authority of an Order of Public Service Commission in Case No. 2004-00XXX Dated _____

LOUISVILLE GAS AND ELECTRIC COMPANY

**Supporting Calculations For The
Gas Supply Clause**

2004-00XXX

**For the Period
May 1, 2004 through July 31, 2004**

LOUISVILLE GAS AND ELECTRIC COMPANY

Derivation of Gas Supply Component Applicable to
Service Rendered On and After May 1, 2004

2004-00XXXGas Supply Cost - See Exhibit A for Detail

Description	Unit	Amount
Total Expected Gas Supply Cost	\$	19,435,089
Total Expected Customer Deliveries: May 1, 2004 - July 31, 2004	Mcf	2,869,986
Gas Supply Cost Per Mcf	\$/Mcf	6.7718
Gas Supply Cost Per 100 Cubic Feet	¢/Ccf	67.718

Gas Cost Actual Adjustment (GCAA) - See Exhibit B for Detail

Description	Unit	Amount	
Current Quarter Actual Adjustment	Eff. May 1, 2004 from 2003-00385	¢/Ccf	1.785
Previous Quarter Actual Adjustment	Eff. Feb 1, 2004 from 2003-00260	¢/Ccf	(1.315)
2nd Previous Qrt. Actual Adjustment	Eff. Nov 1, 2003 from 2003-00121	¢/Ccf	(0.113)
3rd Previous Qrt. Actual Adjustment	Eff. Aug 1, 2003 from 2003-00004	¢/Ccf	5.575
Total Gas Cost Actual Adjustment (GCAA)	¢/Ccf	5.932	

Gas Cost Balance Adjustment (GCBA) - See Exhibit C for Detail

Description	Unit	Amount
Balance Adjustment Amount	\$	(43,456)
Total Expected Customer Deliveries: May 1, 2004 - July 31, 2004	Mcf	2,869,986
Gas Cost Balance Adjustment (GCBA) Per Mcf	\$/Mcf	0.0151
Gas Cost Balance Adjustment (GCBA) Per 100 Cubic Feet	¢/Ccf	0.151

Refund Factors (RF) - See Exhibit D for Detail

Description	Unit	Amount
Total Refund Factors Per 100 Cubic Feet	¢/Ccf	0.000

Performance-Based Rate Recovery Component (PBRRC) - See Exhibit E for Detail

Description	Unit	Amount
Performance-Based Rate Recovery Component (PBRRC)	¢/Ccf	1.084
Total of PBRRC Factors Per 100 Cubic Feet	¢/Ccf	1.084

Gas Supply Cost Component (GSCC) Effective May 1, 2004 - July 31, 2004

Description	Unit	Amount
Gas Supply Cost	¢/Ccf	67.718
Gas Cost Actual Adjustment (GCAA)	¢/Ccf	5.932
Gas Cost Balance Adjustment (GCBA)	¢/Ccf	0.151
Refund Factors (RF)	¢/Ccf	0.000
Performance-Based Rate Recovery Component (PBRRC)	¢/Ccf	1.084
Total Gas Supply Cost Component (GSCC)	¢/Ccf	74.885

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of Gas Supply Costs
For The Three-Month Period From May 1, 2004 Through July 31, 2004

<u>MMBtu</u>	May	June	July	Total May-July 2004
1. Expected Gas Supply Transported Under Texas' No-Notice Service	1,241,899	1,254,969	716,521	3,213,389
2. Expected Gas Supply Transported Under Texas' Rate FT	1,116,000	1,080,000	1,674,000	3,870,000
3. Expected Gas Supply Transported Under Tenn.'s Rate FT-A (Zone 0)	0	1,200,000	1,240,000	2,440,000
4. Expected Gas Supply Transported Under Tenn.'s Rate FT-A (Zone 1)	0	330,000	341,000	671,000
5. Total MMBtu Purchased	2,357,899	3,864,969	3,971,521	10,194,389
6. Plus: Withdrawals from Texas Gas' NNS Storage Service	0	0	0	0
7. Less: Injections into Texas Gas' NNS Storage Service	1,092,781	814,290	160,301	2,067,372
8. Expected Monthly Deliveries from TGT/TGPL to LG&E (excluding transportation volumes under LG&E Rate TS)	1,265,118	3,050,679	3,811,220	8,127,017
<u>Mcf</u>				
9. Total Purchases in Mcf	2,300,389	3,770,701	3,874,655	
10. Plus: Withdrawals from Texas Gas' NNS Storage Service	0	0	0	
11. Less: Injections Texas Gas' NNS Storage Service	1,066,128	794,429	156,391	
12. Expected Monthly Deliveries from TGT/TGPL to LG&E (excluding transportation volumes under LG&E Rate TS)	1,234,261	2,976,272	3,718,264	
13. Plus: Customer Transportation Volumes under Rate TS	22,396	22,550	18,503	
14. Total Expected Monthly Deliveries from TGT/TGPL to LG&E (Line 12 + L	1,256,657	2,998,822	3,736,767	
15. Less: Purchases for Depts. Other Than Gas Dept.	98,815	103,688	91,459	
16. Less: Purchases Injected into LG&E's Underground Storage	0	2,030,097	2,784,162	
17. Mcf Purchases Expensed during Month (Line 12 - Line 15 - Line 16)	1,135,446	842,487	842,643	2,820,576
18. LG&E's Storage Inventory - Beginning of Month	2,440,001	2,240,001	4,254,001	
19. Plus: Storage Injections into LG&E's Underground Storage (Line 16 at	0	2,030,097	2,784,162	
20. LG&E's Storage Inventory - Including Injections	2,440,001	4,270,098	7,038,163	
21. Less: Storage Withdrawals from LG&E's Underground Storage	184,645	0	0	184,645
22. Less: Storage Losses	15,355	16,097	19,162	
23. LG&E's Storage Inventory - End of Month	2,240,001	4,254,001	7,019,001	
24. Mcf of Gas Supply Expensed during Month (Line 17 + Line 21)	1,320,091	842,487	842,643	3,005,221
<u>Cost</u>				
25. Total Demand Cost - Including Transportation (Line 14 x Line 46)	\$888,582	\$2,120,467	\$2,642,268	
26. Less: Demand Cost Recovered thru Rate TS (Line 13 x Line 46)	15,836	15,945	13,083	
27. Demand Cost - Net of Demand Costs Recovered thru LG&E Rate TS	\$872,746	\$2,104,522	\$2,629,185	
28. Commodity Costs - Gas Supply Under NNS (Line 1 x Line 47)	7,039,953	7,178,423	4,135,186	
29. Commodity Costs - Gas Supply Under Rate FT (Line 2 x Line 48)	6,315,332	6,166,908	9,644,584	
30. Commodity Costs - Gas Supply Under Rate FT-A Zone 0 (Line 3 x Line 4)	0	6,751,200	7,041,092	
31. Commodity Costs - Gas Supply Under Rate FT-A Zone 1 (Line 4 x Line 5)	0	1,873,179	1,953,316	
32. Total Purchased Gas Cost	\$14,228,031	\$24,074,232	\$25,403,363	\$63,705,626
33. Plus: Withdrawals from NNS Storage (Line 6 x Line 47)	0	0	0	0
34. Less: Purchases Injected into NNS Storage (Line 7 x Line 47)	6,194,648	4,657,739	925,129	11,777,516
35. Total Cost of Gas Delivered to LG&E	\$8,033,383	\$19,416,493	\$24,478,234	\$51,928,110
36. Less: Purchases for Other Departments (Line 15 x Line 51)	643,157	676,440	602,093	1,921,690
37. Less: Purchases Injected into LG&E's Storage (Line 16 x Line 51)	0	13,243,947	18,328,695	31,572,642
38. Pipeline Deliveries Expensed During Month	\$7,390,226	\$5,496,106	\$5,547,446	\$18,433,778
39. LG&E's Storage Inventory - Beginning of Month	\$13,231,881	\$12,147,301	\$25,295,530	
40. Plus: LG&E Storage Injections (Line 37 above)	0	13,243,947	18,328,695	
41. LG&E's Storage Inventory - Including Injections	\$13,231,881	\$25,391,248	\$43,624,225	
42. Less: LG&E Storage Withdrawals (Line 21 x Line 52)	1,001,311	0	0	\$1,001,311
43. Less: LG&E Storage Losses (Line 22 x Line 52)	83,269	95,718	118,770	
44. LG&E's Storage Inventory - End of Month	\$12,147,301	\$25,295,530	\$43,505,455	
45. Gas Supply Expenses (Line 38 + Line 42)	\$8,391,537	\$5,496,106	\$5,547,446	\$19,435,089
<u>Unit Cost</u>				
46. 12-Month Average Demand Cost - per Mcf (see Page 2)	\$0.7071	\$0.7071	\$0.7071	
47. Commodity Cost (per MMBtu) under Texas Gas's No-Notice Service	\$5.6687	\$5.7200	\$5.7712	
48. Commodity Cost (per MMBtu) under Texas Gas's Rate FT	\$5.6589	\$5.7101	\$5.7614	
49. Commodity Cost (per MMBtu) under Tenn. Gas's Rate FT-A (Zone 0)	\$5.5736	\$5.6260	\$5.6783	
50. Commodity Cost (per MMBtu) under Tenn. Gas's Rate FT-A (Zone 1)	\$5.6244	\$5.6763	\$5.7282	
51. Average Cost of Deliveries (Line 35 / Line 12)	\$6.5087	\$6.5238	\$6.5832	
52. Average Cost of Inventory - Including Injections (Line 41 / Line 20)	\$5.4229	\$5.9463	\$6.1982	
<u>Gas Supply Cost</u>				
53. Total Expected Mcf Deliveries (Sales) to Customers (May 1, 2004 through July 31, 2004)				2,869,986 Mcf
54. Current Gas Supply Cost (Line 45 / Line 53)				<u>\$6.7718</u> / Mcf

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation Of The Average Demand Cost Per Mcf Applicable To
The Three-Month Period From May 1, 2004 through July 31, 2004

Demand Billings:

Texas Gas No-Notice Service (NNS) Monthly Demand Charge	(	\$12.5864	x	119,913	MMBtu	) x 12	\$18,111,276
Texas Gas Firm Transportation (Rate FT) Monthly Demand Charge	(	\$6.0799	x	46,500	MMBtu	) x 12	3,392,584
Texas Gas Firm Transportation (Rate STF) Monthly Demand Charge	(	\$12.7750	x	1,250	MMBtu	) x 12	191,625
Tenn. Gas Firm Transportation (Rate FT-A, 0-2) Monthly Demand Charge	(	\$6.4640	x	40,000	MMBtu	) x 12	3,102,720
Tenn. Gas Firm Transportation (Rate FT-A, 1-2) Monthly Demand Charge	(	\$6.4640	x	11,000	MMBtu	) x 12	853,248
Long-Term Firm Contracts with Suppliers	(	\$214,196	+	\$207,286	+	\$214,196) x 4	2,542,712

ANNUAL DEMAND COSTS

\$28,194,165

Expected Annual Deliveries from Pipeline Transporters
(Including Transportation Under Rate TS) - MMBtu 40,870,324

Expected Annual Deliveries from Pipeline Transporters
(Including Transportation Under Rate TS) - Mcf 39,873,487

AVERAGE DEMAND COST PER MCF

0.7071

**Pipeline Supplier's Demand Component Applicable to Billings Under LG&E's Gas Transportation Service/Standby - Rate TS
The 3-Month Period from May 1, 2004 thru July 31, 2004**

Pipeline Supplier's Demand Component per Mcf \$0.7071

Refund Factor for Demand Portion of Texas Gas Refund (see Exhibit D) 0.0000

Performance Based Rate Recovery Component (see Exhibit E) 0.0294

Pipeline Supplier's Demand Component per Mcf - Applicable to Rate TS Transportation **0.7365**

Demand-Related Supply Costs Applicable to Daily Utilization Charge under Rates FT and PS and for Reserved Balancing Service Under Rider RBS

Design Day Requirements (in Mcf) 454,173

Reserved Balancing Service Charge (per Mcf Reserved):

Annual Charge -> (Annual Demand Costs / Design Day Requirements) \$62.08

Monthly Charge -> (Annual Charge / 12 Months) **\$5.17**

Daily Utilization Charge (per Mcf of Non-Reserved Balancing):

(Annual Reserved Balancing Charge / 365 Days) - 100% Load Factor Rate **\$0.1701**

LOUISVILLE GAS AND ELECTRIC COMPANY

Gas Supply Clause: 2004-00XXX

Gas Supply Cost Effective May 1, 2004

LG&E is served by Texas Gas Transmission, LLC ("TGT") pursuant to the terms of the transportation agreements under Rates NNS-4 and FT-4, and by Tennessee Gas Pipeline Company ("TGPL") pursuant to the terms of a transportation agreement under Rate FT-A-2.

Texas Gas's No-Notice Service (NNS-4)

On April 28, 2003, TGT filed its tariff sheets at the Federal Energy Regulatory Commission ("FERC") in Docket No. RP03-355 pursuant to the Approved Settlement in TGT's rate case in FERC Docket RP00-260. In that case, TGT agreed to remove from its rates Account No. 858 costs associated with the FT agreement between Natural Gas Pipeline Company and TGT, dated October 20, 1981, upon the expiration of that contract on May 27, 2003. The filing is effective as of June 1, 2003.

Attached hereto as Exhibit A-1 (a), Page 1, is the tariff sheet for No-Notice Service under Rate NNS-4 applicable during May 1, 2004 through July 31, 2004. LG&E has negotiated discounts with the result that the daily demand charge applicable to LG&E is \$0.4138 per MMBtu. Therefore, the monthly demand charge is \$12.5864 per MMBtu ($\$0.4138 \text{ daily demand rate per MMBtu} \times 365 / 12$). The negotiated discounts result in a volumetric throughput charge ("commodity charge") of \$0.0590 per MMBtu.

Texas Gas's Firm Transportation Service (FT-4)

Attached hereto as Exhibit A-1 (a), Pages 2, 3 and 4, are the tariff sheets for transportation service under Rate FT-4 applicable during the period May 1, 2004 through July 31, 2004. Page 2 contains the tariff sheet which sets forth the daily demand charges. Page 3 contains the tariff sheet which sets forth the commodity charges. When adjusted for LG&E's negotiated discount, the monthly demand charge under Rate FT from Zone SL to Zone 4 applicable to LG&E is \$6.0799 per MMBtu. This charge is inclusive of all applicable surcharges. The volumetric throughput charge ("commodity charge") under Rate FT from Zone SL to Zone 4 is estimated to be \$0.0538 per MMBtu, inclusive of all applicable surcharges.

Texas Gas's Firm Transportation Service (STF-4)

Attached hereto as Exhibit A-1 (a), Page 5, is the tariff sheet for transportation service under Rate STF applicable during the period May 1, 2004 through July 31, 2004. When adjusted for LG&E's negotiated discount, the monthly demand charge under Rate STF from Zone SL to Zone 4 applicable to LG&E is \$12.7750 per MMBtu. This charge is inclusive of all applicable surcharges. The volumetric throughput charge ("commodity charge") under Rate STF from Zone SL to Zone 4 is estimated to be \$0.0538 per MMBtu, inclusive of all applicable surcharges.

Tennessee Gas Pipeline Service (FT-A-2)

On November 27, 2002, TGPL made a filing in FERC Docket RP03-126 to implement new GRI surcharges as approved by FERC to become effective January 1, 2003.

Attached hereto as Exhibit A-1 (a), Pages 6 and 7, are the tariff sheets for transportation service under Rate FT-4 applicable during the period May 1, 2004 through July 31, 2004. Page 6 contains the tariff sheet which sets forth the daily demand charges. Page 7 contains the tariff sheet which sets forth the commodity charges.

Effective November 1, 2002, LG&E executed a new firm transportation agreement with TGPL for 51,000 MMBtu per day, under Rate FT-A. Effective November 1, 2002, LG&E also entered into a "Pre-Arranged Negotiated Rate Firm Transportation Letter Agreement" dated July 8, 2002, wherein TGPL provided LG&E with a rate discounted from its Rate FT-A-2. Under that Agreement, LG&E is charged the following rates by component: (1) a monthly demand charge of \$6.4640/MMBtu [$(\$0.2125 \times 365) / 12$] for deliveries from Zones 0 and 1 to Zone 2, irrespective of the zone of receipt; and (2) a commodity rate of \$0.0175/MMBtu for deliveries from Zones 0 and 1 to Zone 2, irrespective of the zone of receipt.

Gas Supply Costs

The New York Mercantile Exchange ("NYMEX") natural gas futures prices as of March 29, 2004, are \$5.482/MMBtu for May, \$5.550/MMBtu for June, and \$5.610/MMBtu for July. The NYMEX price can be used as a general price indicator. Therefore, LG&E has forecasted prices for gas supplies for May, June and July, as further described below. Storage inventory levels, among other factors, affect the demand for natural gas and hence its price. The Energy Information Administration's storage survey for the week ending March 19, 2003, indicated that storage inventory levels were higher than last year's levels. Storage inventories across the nation were 372 Bcf (1,032 Bcf - 660 Bcf) higher this year than the same period one year ago. Last year at this time, 660 Bcf was held in storage, while this year 1,032 Bcf is held in storage. More significantly, storage inventories across the nation were 92 Bcf (1,032 Bcf - 1,124 Bcf) lower this year than the five-year average. On average for the last five years at this time, 1,124 Bcf was held in storage. Higher storage inventory levels and the lack of demand for natural gas tend to drive natural gas prices lower. Conversely, lower storage levels, interruptions of gas supply, or increases in demand for natural gas (arising from colder weather and increased heating requirements, or warmer weather and increased electric generation requirements) tend to cause increases in the expected price of natural gas.

During the three-month period under review, May 1, 2004 through July 31, 2004, LG&E estimates that its total purchases will be 8,127,017 MMBtu. LG&E expects that 1,146,017 MMBtu will be met with deliveries from TGT's pipeline service under Rate NNS (3,213,389 MMBtu in pipeline deliveries, less a net 2,067,372 MMBtu in storage injections); 3,870,000 MMBtu will be met from deliveries under TGT's pipeline service under Rate FT; 2,440,000 MMBtu will be met from deliveries under TGPL's pipeline service under Rate FT-A from Zone 0; and 671,000 MMBtu will be met from deliveries under TGPL's pipeline service under Rate FT-A from Zone 1.

The average commodity cost of gas purchased from gas suppliers by LG&E and delivered to TGT under the NNS service is expected to be \$5.6687 per MMBtu in May 2004, \$5.7200 in June 2004, and \$5.7712 in July 2004. The average commodity cost of gas purchased from gas suppliers by LG&E and delivered to TGT under the FT service is expected to be \$5.6589 per MMBtu in May 2004, \$5.7101 in June 2004, and \$5.7614 in July 2004. The average commodity cost of gas purchased from gas suppliers by LG&E and delivered to TGPL under Rate FT-A from its Zone 0 is expected to be \$5.5736 per MMBtu in May 2004, \$5.6260 in June 2004, and \$5.6783 in July 2004, and the average commodity cost of gas purchased from gas suppliers by LG&E and delivered to TGPL from its Zone 1 is expected to be \$5.6244 per MMBtu in May 2004, \$5.6763 in June 2004, and \$5.7282 in July 2004.

Set forth below are the commodity costs as delivered to LG&E after giving effect to TGT's and TGPL's commodity charges for transporting the gas under Rate NNS and Rate FT, their retention percentages, and the applicable surcharges approved by the FERC:

RATE NNS
SYSTEM SUPPLY PURCHASE PRICE PER MMBTU
UNDER TEXAS GAS'S NO-NOTICE SERVICE RATE

	<u>ESTIMATED PRICE AS DELIVERED TO TEXAS GAS</u>	<u>RATE NNS RETENTION (TO ZONE 4)</u>	<u>ESTIMATED TOTAL TRANSPORT CHARGE</u>	<u>DELIVERED PRICE</u>
May 2004	\$5.4700	2.49%	\$0.0590	\$5.6687
June 2004	\$5.5200	2.49%	\$0.0590	\$5.7200
July 2004	\$5.5700	2.49%	\$0.0590	\$5.7712

RATE FT
SYSTEM SUPPLY PURCHASE PRICE PER MMBTU
UNDER TEXAS GAS'S FIRM TRANSPORTATION SERVICE RATE

	<u>ESTIMATED PRICE AS DELIVERED TO TEXAS GAS</u>	<u>RETENTION (ZONE SL TO 4)</u>	<u>RATE FT TRANSPORT CHARGE</u>	<u>TOTAL ESTIMATED DELIVERED PRICE</u>
May 2004	\$5.4700	2.41%	\$0.0538	\$5.6589
June 2004	\$5.5200	2.41%	\$0.0538	\$5.7101
July 2004	\$5.5700	2.41%	\$0.0538	\$5.7614

RATE FT-A
SYSTEM SUPPLY PURCHASE PRICE PER MMBTU
UNDER TENN. GAS'S FIRM TRANSPORTATION SERVICE RATE

	<u>ESTIMATED PRICE AS DELIVERED TO TENN. GAS</u>	<u>RETENTION (TO 2)</u>	<u>RATE FT-A TRANSPORT CHARGE</u>	<u>TOTAL ESTIMATED DELIVERED PRICE</u>
Zone 0				
May 2004	\$5.3100	4.43%	\$0.0175	\$5.5736
June 2004	\$5.3600	4.43%	\$0.0175	\$5.6260
July 2004	\$5.4100	4.43%	\$0.0175	\$5.6783
Zone 1				
May 2004	\$5.4000	3.69%	\$0.0175	\$5.6244
June 2004	\$5.4500	3.69%	\$0.0175	\$5.6763
July 2004	\$5.5000	3.69%	\$0.0175	\$5.7282

The monthly demand billings for the long-term firm contracts with suppliers are expected to be \$214,196 for May 2004, \$207,286 for June 2004, and \$214,196 for July 2004.

Rate FT, Rider RBS, and Rate PS

The demand-related supply costs applicable to the Daily Utilization Charge under Rate FT, the Reserved Balancing Service under Rider RBS, and any daily utilization charges under Rate PS applicable during the three-month period May 2004 through July 2004 are set forth on Exhibit A, Page 2.

Any revenue collected from the application of these charges will flow directly into the Gas Supply Cost Actual Adjustment ("GCAA") in future Gas Supply Clause filings. Therefore, the revenue collected through application of these charges will reduce the total Gas Supply Cost Component ("GSCC") charged to LG&E's sales customers.

LOUISVILLE GAS AND ELECTRIC COMPANY

Gas Supply Clause: 2004-00XXX

Calculation of Gas Cost Actual Adjustment (GCAA)

The purpose of this adjustment is to compensate for over- or under-recoveries which result from differences between various quarters' revenues collected to recover expected gas costs and the actual gas costs incurred during each such quarter. As shown on Page 1 of Exhibit B-1, the amount of under-recovery from Case Number 2003-00385 during the three-month period of November 2003 through January 2004 was \$(6,497,890). The calculation of the Gas Cost Actual Adjustment (GCAA) set forth in Exhibit B-1 results in a charge of 1.785¢ per 100 cubic feet, which LG&E will place in effect with service rendered on and after May 1, 2004, and continue for 12 months. Also enclosed, on pages 5 and 6 of Exhibit B-1, is a breakdown of gas purchases for the three-month period from November 2003 through January 2004. [Please note that the names of the suppliers have been redacted from this page, in accordance with LG&E's petition for confidentiality filed this quarter.]

Also in this filing, LG&E will be eliminating the GCAA from Case 2002-003681, with service rendered through April 30, 2004, which will have been in effect for twelve months. Any over or under recovery of the amount originally established in this GCAA will be transferred to the Gas Cost Balance Adjustment (GCBA) which will be implemented in LG&E's next Gas Supply Clause filing with service rendered on and after the month of August 1, 2004.

Therefore, the Gas Cost Actual Adjustment will be as follows:

Current Quarter Actual Adjustment:	
Effective May 1, 2004 from 2003-00385	1.785 cents/Ccf
Previous Quarter Actual Adjustment	
Effective February 1, 2004 from 2003-00260	(1.315) cents/Ccf
2nd Previous Quarter Actual Adjustment:	
Effective November 1, 2003 from 2003-00121	(0.113) cents/Ccf
3rd Previous Quarter Actual Adjustment	
Effective August 1, 2003 from 2003-00004	5.575 cents/Ccf
Total Gas Cost Actual Adjustment (GCAA)	5.932 cents/Ccf

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Gas Cost Actual Adjustment
Which Compensates for Over- or Under-
Recoveries of Gas Supply Costs

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Total Dollars of Gas Cost Recovered ¹	Gas Supply Cost Per Books ²	Over Or (Under) Recovery (1) - (2)	Expected Mcf Sales for 12- Month Period From Date Implemented	GCAA Per Mcf	GCAA Per 100 Cu. Ft.	Implemented With Service Rendered On
	Cost Recovery Under GSC Compared to Actual Gas Supply Costs			Derivation of Gas Cost Actual Adjustment (GCAA) Which Compensates for Over or Under Recoveries			
Feb - Apr 1999 Case # 90-158 GG	36,283,806	41,131,284	(4,847,478)	39,617,019	\$0.1224	\$0.01224	8/1/1999
May - Jul 1999 Case # 90-158 HH	10,084,748	11,234,255	(1,149,507)	39,790,038	\$0.0289	\$0.00289	11/1/1999
Aug - Oct 1999 Case # 90-158 II	14,670,138	14,876,938	(206,800)	40,315,574	\$0.0051	\$0.00051	2/1/2000
Nov - Jan 2000 Case # 90-158 JJ	61,376,761	59,434,246	1,942,515	40,445,558	(\$0.0480)	(\$0.00480)	5/1/2000
Feb - April 2000 Case # 90-158 KK	47,258,205	51,202,070	(3,943,865)	40,600,194	\$0.0971	\$0.00971	8/1/2000
May - July 2000 Case # 90-158 LL	14,233,712	18,761,623	(4,527,911)	39,895,493	\$0.1135	\$0.01135	11/1/2000
Aug - Oct 2000 Case # 90-158 MM	24,864,694	24,945,636	(80,942)	40,185,038	\$0.0020	\$0.00020	2/1/2001
Nov 2000 - Jan 2001 Case # 2000-080-A	128,334,845	166,746,237	(38,411,392)	40,502,982	\$0.9484	\$0.09484	5/1/2001
Feb 2001 - Apr 2001 Case # 2000-080-B	84,744,480	72,203,459	12,541,021	40,583,967	(\$0.3090)	(\$0.03090)	8/1/2001
May 2001 - Jul 2001 Case # 2000-080-D	17,784,983	15,885,438	1,899,545	40,602,547	(\$0.0468)	(\$0.00468)	11/1/2001
Aug 2001 - Oct 2001 Case # 2000-080-G	18,398,144	14,357,692	4,040,452	37,352,279	(\$0.1082)	(\$0.01082)	2/01/2002
Nov 2001 - Jan 2002 Case # 2000-080-H	56,558,240	58,396,260	(1,838,020)	37,610,431	\$0.0489	\$0.00489	5/01/2002
Feb 2002 - Apr 2002 Case # 2000-080-I	56,940,651	60,982,147	(12,230,238) ³	37,752,063	\$0.3240	\$0.03240	8/1/2002
May 2002 - July 2002 Case # 2002-00110	13,438,971	15,122,528	(1,683,557)	36,753,737	\$0.0458	\$0.00458	11/1/2002
Aug 2002 - Oct 2002 Case # 2002-00261	15,907,785	17,086,539	(1,178,754)	36,801,563	\$0.0320	\$0.00320	2/1/2003
Nov 2002 - Jan 2003 Case # 2002-00368	97,958,248	107,648,978	(9,690,730)	36,918,853	\$0.2625	\$0.02625	5/1/2003
Feb 2003-Apr 2003 Case # 2003-00004	68,860,317	89,433,601	(20,573,284)	36,900,588	\$0.5575	\$0.05575	8/1/2003
May 2003-Jul 2003 Case # 2003-000121	18,971,902	18,559,852	412,050	36,348,575	(\$0.0113)	(\$0.00113)	11/1/2003
Aug 2003 - Oct 2003 Case # 2003-00260	25,560,264	20,773,050	4,787,214	36,405,180	(\$0.1315)	(\$0.01315)	2/1/2004
Nov 2003 - Jan 2004 Case # 2003-00385	110,568,160	117,066,050	(6,497,890)	36,398,609	\$0.1785	\$0.01785	5/1/2004

¹ See Page 2 of this Exhibit.

² See Page 4 of this Exhibit.

³ This amount includes \$8,188,742 transferred from the Gas Supply Balance Adjustment (Exhibit C-1, Page 1 of 2, column 3).

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Gas Costs Recovered
Under Company's Gas Supply Clause

	Monthly Mcf Sales ¹	Through Aug 1, 2002	Through Nov 1, 2002	Through Apr 30, 2003	Through July 31, 2003	Through Oct 31, 2003	Through Jan 31, 2004
1	2002						
2	SEP	814,596					
3	OCT	1,104,152					
4	NOV	2,892,739	1,543,116				
5	DEC	5,998,731	5,998,731				
6	2003						
7	JAN	7,002,308	7,002,308	4,094,509			
8	FEB	7,805,666	3,711,157	5,679,970	5,871		
9	MAR	5,679,970		2,529,326	807,024		
10	APR	2,529,326		672,689	1,001,262		
11	MAY	1,479,795			813,388		
12	JUNE	839,032			334,307		
13	JULY	813,398				442,089	
14	AUG	776,397				838,187	
15	SEP	838,187				1,205,172	
16	OCT	1,205,172				954,592	1,132,986
17	NOV	2,087,577					4,861,196
18	DEC	4,861,196					6,693,093
19	JAN	6,693,093					3,327,102
20	FEB	3,327,102					
19	Applicable Mcf Sales During 3 Month Period	3,268,371	18,255,312	12,976,494	2,961,852	3,440,040	16,014,377
20	Gas Supply Clause No.	2002-00261	2002-00368	2003-00004	2003-00121	2003-00260	2003-00385
21	Gas Supply Cost Recovered Per Mcf Sold	\$4,2722	\$5,0353	\$4,9304	\$6,2395	\$7,1172	\$6,3665
22	Dollars of Recovery Under GSC	\$13,963,132	\$91,920,970	\$63,979,304	\$18,480,476	\$24,483,453	\$101,955,528
23	Mcf of Customer-Owned Gas Transported Under Rate TS	30,501	78,928	55,814	23,544	20,420	16,050
24	Pipeline Suppliers' Demand Component Per Mcf	0.697	0.8785	0.7467	0.6348	0.6423	1.0865
25	Dollars of Recovery Under Rate TS (Line 27 x Line 26)	\$21,259	\$69,338	\$41,676	\$14,946	\$13,116	\$17,438
26	Dollars of Recovery Under Rate FT (See Ex B-1, Page 3)	\$173,453	\$307,081	\$299,388	\$476,481	\$334,043	\$546,967
27	Revenues from Off-system Sales	\$42,026	\$5,660,658	\$4,539,949	\$0	\$729,651	\$8,048,227
28	Total \$'s of Gas Cost Recovered (Line 24 + Line 27 + Line 28 + Line 29)	\$14,199,871	\$97,958,248	\$68,860,317	\$18,971,902	\$25,560,264	\$110,568,160

1. Monthly Mcf Sales include volumes for Natural Gas Vehicles (NGVs).
2. Due to PSC Order in Administrative Case No. 384 requiring monthly GSC filings

LOUISVILLE GAS AND ELECTRIC COMPANY
Summary of Gas Costs Recovered
Under Provisions of Rate FT

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Billing Month	Case Number	UCDI Demand Chrg / Mcf	Seasonal RBS Demand Chrg / Mcf	RBS Demand Chrg / Mcf	Cash-Out Sales (Mcf)	Cash-Out Sales (\$)	MMBTU Adjust. (Mcf)	MMBTU Adjust. (\$)	UCDI Mcf	UCDI \$ [(9) x (10)]	Seasonal RBS Mcf	Seasonal RBS \$ [(4) x (12)]	RBS Mcf	RBS \$ [(5) x (14)]	OFO \$	Monthly \$'s Recovered [(7)+(9)-(11) + (13)+(15)+(16)]
2002 Nov	2000-080-H	0.2392	0	\$7.28	8272.0	\$24,266.85	559.0	\$ 1,402.54	75,889.8	\$18,152.84	0.0	\$0.00	0.00	\$0.00	\$0.00	\$43,842.23
2002 Dec	2000-080-H	0.2392	0	\$7.28	12782.0	\$38,173.69	(743.0)	\$ (1,827.78)	127,404.1	\$30,475.06	0.0	\$0.00	0.00	\$0.00	\$0.00	\$66,820.97
2002 Jan	2000-080-H	0.2392	0	\$7.28	5181.5	\$16,722.94	(3,703.8)	\$ (8,992.54)	122,966.9	\$29,413.88	0.0	\$0.00	0.00	\$0.00	\$0.00	\$37,244.08
2002 Feb	2000-080-I	0.2039	0	\$6.20	13856.4	\$35,498.04	(2,472.0)	\$ (6,125.61)	75,496.7	\$15,393.78	0.0	\$0.00	0.00	\$0.00	\$0.00	\$147,907.28
2002 Mar	2000-080-I	0.2039	0	\$6.20	(48819.4)	(\$153,514.45)	(2,486.0)	\$ (8,041.47)	89,329.9	\$18,214.37	0.0	\$0.00	0.00	\$0.00	\$0.00	\$44,766.21
2002 Apr	2000-080-I	0.2039	0	\$6.20	(19441.1)	(\$66,157.33)	(2,206.0)	\$ (7,875.41)	74,181.3	\$15,125.57	0.0	\$0.00	0.00	\$0.00	\$0.00	(\$143,341.55)
2002 May	2002-00110	0.1826	0	\$5.56	4915.6	\$19,161.75	-	\$ -	58,415.5	\$17,676.53	0.0	\$0.00	0.00	\$0.00	\$0.00	\$36,838.28
2002 June	2002-00110	0.1826	0	\$5.56	2123.1	\$9,213.33	-	\$ -	28,585.5	\$8,952.57	0.0	\$0.00	0.00	\$0.00	\$0.00	\$18,165.90
2002 July	2002-00110	0.1826	0	\$5.56	22620.5	\$74,768.08	8.0	\$ 25.42	519,216.8	\$15,710.01	0.0	\$0.00	0.00	\$0.00	\$0.00	\$90,503.51
	*Correction															
2002 Aug	2002-00261	0.1755	0	\$5.56	5174.1	\$18,567.94	171.0	\$ 547.20	43,104.2	\$12,737.29	0.0	\$0.00	0.00	\$0.00	\$0.00	\$157,482.52
2002 Sep	2002-00261	0.1755	0	\$5.56	811.6	\$3,452.19	5.0	\$ 18.18	70,587.8	\$21,355.81	0.0	\$0.00	0.00	\$0.00	\$0.00	\$36,838.28
2002 Oct	2002-00261	0.1755	0	\$5.56	8720.0	\$44,753.70	-	\$ -	83,290.9	\$24,671.35	0.0	\$0.00	0.00	\$0.00	\$0.00	\$18,165.90
2002 Nov	2002-00368	0.2186	0	\$6.65	14576.0	\$75,393.45	15.0	\$ 65.58	67,502.4	\$23,521.19	0.0	\$0.00	0.00	\$0.00	\$0.00	\$173,452.73
2002 Dec	2002-00368	0.2186	0	\$6.65	10030.5	\$58,631.06	-	\$ -	89,131.6	\$31,607.12	0.0	\$0.00	0.00	\$0.00	\$0.00	\$98,980.22
2003 Jan	2002-00368	0.2186	0	\$6.65	9830.6	\$69,160.18	2,137.0	\$ 12,770.72	87,949.7	\$29,445.20	0.0	\$0.00	0.00	\$0.00	\$0.00	\$90,236.18
2003 Feb	2003-00004	0.1861	0	\$5.56	5006.7	\$58,129.05	3,039.0	\$ 2,894.31	101,605.2	\$30,771.53	0.0	\$0.00	0.00	\$0.00	\$0.00	\$307,081.32
2003 Mar	2003-00004	0.1861	0	\$5.56	319.8	\$2,785.68	1,456.0	\$ 11,043.79	129,839.3	\$41,044.89	0.0	\$0.00	0.00	\$0.00	\$0.00	\$91,794.89
2003 Apr	2003-00004	0.1861	0	\$5.56	9137.1	\$53,460.63	11,142.0	\$ 64,601.31	91,035.6	\$28,169.95	0.0	\$0.00	0.00	\$0.00	\$0.00	\$54,874.36
2003 May	2003-00121	0.1586	0	\$4.82	27943.4	\$197,850.08	5,499.0	\$ 33,692.38	64,545.4	\$17,880.29	0.0	\$0.00	0.00	\$0.00	\$0.00	\$164,755.91
2003 June	2003-00121	0.1586	0	\$4.82	8161.2	\$52,951.37	10,197.0	\$ 62,854.32	50,951.7	\$16,024.26	0.0	\$0.00	0.00	\$0.00	\$0.00	\$311,425.16
2003 July	2003-00121	0.1586	0	\$4.82	4166.7	\$23,307.59	9,937.0	\$ 52,844.98	67,137.0	\$19,075.48	0.0	\$0.00	0.00	\$0.00	\$0.00	\$249,422.75
2003 Aug	2003-00260	0.1613	0	\$4.91	470.4	\$2,845.05	7,387.0	\$ 38,656.20	42,946.4	\$12,421.07	0.0	\$0.00	0.00	\$0.00	\$0.00	\$476,480.75
2003 Sep	2003-00260	0.1613	0	\$4.91	21705.0	\$108,425.35	8,995.0	\$ 43,913.59	42,759.6	\$11,627.52	0.0	\$0.00	0.00	\$0.00	\$0.00	\$78,529.67
2003 Oct	2003-00260	0.1613	0	\$4.91	10878.6	\$58,773.66	2,068.0	\$ 10,457.89	96,035.1	\$26,315.74	0.0	\$0.00	0.00	\$0.00	\$0.00	\$161,866.46
2003 Nov	2003-00385	0.2607	0	\$7.93	4499.0	\$22,681.05	1,697.0	\$ 8,133.72	116,950.7	\$42,930.83	0.0	\$0.00	0.00	\$0.00	\$0.00	\$354,043.42
2003 Dec	2003-00385	0.2607	0	\$7.93	28901.9	\$186,556.10	779.0	\$ 4,956.00	132,944.6	\$42,675.21	0.0	\$0.00	0.00	\$0.00	\$0.00	\$73,745.60
2004 Jan	2003-00385	0.2607	0	\$7.93	7978.7	\$58,370.67	7,192.0	\$ 48,092.91	92,860.1	\$35,856.34	0.0	\$0.00	0.00	\$0.00	\$0.00	\$234,187.31
																\$239,034.16
																\$546,967.07

Note: Should a Customer served under Rate FT under-nominate its monthly gas supply needs, a Cash-Out Sale is made to the Customer. This sale, which is based upon the cash-out price established in Rate FT, is also flowed through the GCAA as revenue.

Note: Changes in billings of the Cash-out Provision caused by variations in the MMBTU content of the gas are corrected on the following month's bill. Should such change occur as a charge to the customer, such revenue is flowed through the GCAA.

* Correction to FT Revenues is being made to correct unintentional underreporting of FT Revenues since November 2001.

LOUISVILLE GAS AND ELECTRIC COMPANY
Total Gas Supply Cost Per Books

	MCF				DOLLARS				Total Gas Supply Cost			
	Purchases for OSS	Purchases For Other Departments	Less: Purchases Injected Into Storage	Plus: Mcf Withdrawn From Storage	Mcf Sendout (Gas Dept)	Purchased Gas Costs	Purchased Gas Costs for OSS	Less: Purchases For Other Departments		Less: Purchases Injected Into Storage	Plus: Cost of Gas Withdrawn From Storage	Plus: Other Gas Purchase Expenses
May	1,661,283	0	(104,380)	238,929	1,793,586	7,663,883	0	(448,955)	(10,408)	913,258	21,065	8,138,863
June	2,953,828	0	(277,104)	1,277	897,456	12,027,086	0	(1,086,101)	(7,274,417)	5,026	34,047	3,705,841
July	4,243,824	0	(374,936)	940	881,933	15,588,110	0	(1,281,051)	(11,049,236)	3,606	16,605	3,278,023
Total May 2002 thru July 2002					3,572,975							15,122,528
August	4,305,195	0	(332,261)	785	814,986	15,712,422	0	(1,142,098)	(11,584,653)	2,970	20,199	3,008,840
September	3,823,925	0	(215,107)	1,748	867,860	15,235,806	0	(760,297)	(10,941,477)	6,890	18,542	3,559,264
October	4,226,714	10963	(127,282)	17,612	2,148,028	20,726,540	42,026	(607,249)	(9,717,539)	69,934	4,723	10,518,435
Total August 2002 thru October 2002					3,830,874							17,086,539
November	4,066,443	896,139	(85,631)	796,630	4,631,230	21,146,242	-	(442,379)	(760,434)	3,172,738	2,183	23,118,350
December	5,084,839	223,760	(89,996)	1,867,725	7,502,679	26,655,418	3,782,936	(336,296)	(1,342,278)	7,480,425	3,885	36,247,090
January	5,541,783	0	(136,772)	3,504,795	9,133,586	33,723,672	1,128,520	(611,614)	-	14,037,054	5,906	48,283,538
Total November 2002 thru January 2003					21,267,495							107,648,978
February	4,620,716	721,067	(101,980)	2,701,310	7,941,113	32,487,948	4,161,099	(502,055)	-	10,819,017	5,725	46,971,734
March	2,548,797	0	(68,404)	1,438,402	3,918,795	23,707,557	-	(405,272)	-	5,760,800	5,884	29,068,970
April	534,385	0	(58,166)	1,524,682	2,100,901	7,878,912	-	(598,432)	-	6,106,504	5,914	13,392,997
Total February 2003 thru April 2003					13,960,809							89,433,601
May	601,422	0	(149,525)	699,656	1,151,234	5,122,236	-	(1,139,925)	(2,819)	2,802,472	5,270	6,787,234
June	2,709,736	0	(64,964)	1,233	975,321	19,570,288	-	(391,641)	(11,439,673)	6,313	17,543	6,772,830
July	3,775,025	0	(140,183)	940	854,466	22,053,938	-	(808,869)	(16,257,626)	5,083	7,264	4,999,790
Total May thru July 2003					2,982,021							18,559,854
August	4,115,417	0	(151,356)	785	863,586	22,649,406	-	(848,796)	(17,055,690)	4,267	6,203	4,755,391
September	3,981,117	0	(88,121)	735	995,458	20,571,326	-	(458,101)	(14,966,443)	3,951	4,396	5,155,129
October	3,841,724	148,975	(55,230)	1,041	2,023,548	20,873,890	670,349	(299,899)	(10,384,079)	5,603	6,666	10,862,530
Total August thru October 2003					3,883,592							20,773,050
November	2,675,547	343,371	(42,522)	930,628	3,510,152	16,923,313	1,555,641	(269,129)	(2,510,295)	5,032,278	2,676	20,734,484
December	5,152,316	661,471	(93,088)	1,491,761	7,081,953	31,959,991	3,359,823	(434,545)	(933,595)	8,078,930	8,633	42,039,239
January	4,551,729	331,885	(73,736)	3,528,052	8,290,966	33,761,889	2,081,914	(341,684)	(348,351)	19,132,273	6,286	54,292,327
Total November 2003 thru January 2004					18,883,071							117,066,050

LOUISVILLE GAS AND ELECTRIC COMPANY
SUMMARY OF GAS PURCHASES AND COSTS BY SUPPLIER
FOR THE 3 MONTH PERIOD FROM NOVEMBER 2003 THROUGH JANUARY 2004

COMMODITY AND VOLUMETRIC CHARGES:	NOVEMBER 2003		DECEMBER 2003		JANUARY 2004	
	NET MMBTU	MCF	NET MMBTU	MCF	NET MMBTU	MCF
NATURAL GAS SUPPLIERS:						
1 . O	0	0	790,500	767,476	408,000	396,117
2 . P	0	0	0	0	159,580	154,932
3 . Q	758,481	736,389	790,500	767,476	663,000	643,689
4 . R	0	0	0	0	44,000	42,718
5 . S	0	0	0	0	43,500	42,233
6 . T	0	0	0	0	135,420	131,476
	<u>758,481</u>	<u>736,389</u>	<u>1,581,000</u>	<u>1,534,952</u>	<u>1,453,500</u>	<u>1,411,165</u>
		<u>\$3,435,847.18</u>		<u>\$8,791,996.07</u>		<u>\$8,721,243.10</u>
NATURAL GAS TRANSPORTERS:						
1 . TENNESSEE GAS PIPELINE COMPANY		\$13,273.43		\$27,667.50		\$25,436.25
2 . TRANSPORTATION BY OTHERS		\$0.00		\$0.00		\$0.00
3 . ADJUSTMENTS	(280)	(6870.01)	(812)	159	(1,915)	(2,840)
4 . ADJUSTMENTS	0	\$0.00	0	0	0	0
TOTAL	<u>758,201</u>	<u>735,928</u>	<u>1,580,188</u>	<u>1,535,111</u>	<u>1,451,585</u>	<u>1,408,325</u>
TOTAL COMMODITY AND VOLUMETRIC CHARGES		<u>\$3,448,250.60</u>		<u>\$8,815,973.88</u>		<u>\$8,736,668.93</u>
DEMAND AND FIXED CHARGES:						
1 . TENNESSEE GAS PIPELINE COMPANY		\$329,664.00		\$329,664.00		\$329,664.00
2 . TRANSPORTATION BY OTHERS		\$0.00		\$0.00		\$0.00
3 . SUPPLY RESERVATION CHARGES		\$306,932.15		\$317,579.97		\$317,545.29
4 . CAPACITY RELEASE CREDITS		\$0.00		\$0.00		\$0.00
5 . ADJUSTMENTS		\$0.00		(\$0.01)		\$0.00
TOTAL DEMAND AND FIXED CHARGES		<u>\$636,596.15</u>		<u>\$647,243.96</u>		<u>\$647,209.29</u>
TOTAL PURCHASED GAS COSTS -- TENNESSEE GAS PIPELINE COMPANY		<u>\$4,084,846.75</u>		<u>\$9,463,217.84</u>		<u>\$9,383,878.22</u>
OTHER PURCHASES						
1 . PURCHASED FOR ELECTRIC DEPARTMENT						
U	0	0	0	0	0	0
V	0	0	0	0	0	0
W	0	0	0	0	0	0
ADJUSTMENTS						
0	0	0	0	0	0	0
1	0	0	0	0	0	0
2	0	0	0	0	0	0
3	0	0	0	0	0	0
4	0	0	0	0	0	0
5	0	0	0	0	0	0
6	0	0	0	0	0	0
7	0	0	0	0	0	0
8	0	0	0	0	0	0
9	0	0	0	0	0	0
TOTAL	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2 . CASH-OUT OF CUSTOMER OVER-DELIVERIES						
0	0	37,900	0	4,178	0	45,729
1	0	37,900	0	4,178	0	45,729
TOTAL	<u>0</u>	<u>\$182,928.45</u>	<u>0</u>	<u>\$30,112.12</u>	<u>0</u>	<u>\$305,600.46</u>
TOTAL PURCHASED GAS COSTS -- ALL PIPELINES	<u>2,710,594</u>	<u>\$16,887,088.48</u>	<u>5,284,928</u>	<u>\$31,083,465.37</u>	<u>4,645,856</u>	<u>\$33,623,791.08</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

Gas Supply Clause: 2004-00XXX

Calculation of Gas Cost Balance Adjustment (GCBA)

The purpose of this adjustment is to compensate for any over or under recoveries remaining from prior Gas Cost Actual Adjustments and Gas Cost Balance Adjustments. The under recovery that must be charged under the Gas Cost Balance Adjustment (GCBA) during the period of May 1, 2004 through July 31, 2004, set forth on Page 1 of Exhibit C-1 is \$(43,456). The GCBA factor to collect this level is 0.151¢ per 100 cubic feet. LG&E will place this charge in effect with service rendered on and after February 1, 2004 and continue for three months.

In this filing, LG&E will also be eliminating the GCBA from Case 2004-00506, which, with service rendered through April 30, 2004 will have been in effect for three months. Any over- or under-recovery of the amount originally established will be transferred to the GCBA which will be implemented in LG&E's next Gas Supply Clause filing with service rendered on and after August 1, 2004.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of Quarterly Gas Cost Balance Adjustment
To Compensate for Over or (Under) Recoveries
From the Gas Cost Actual Adjustment (GCAA) and
Gas Cost Balance Adjustment (GCBA)

(1) Implemented for Three-Month Period With Service Rendered On and After:	(2) Remaining Over (Under) Recovery From GCAA ¹ (\$)	(3) Amt. Transferred From Refund Factor & PBRRC (\$)	(4) GCBA From Second Preceding 3 Mo. Period (\$)	(5) Applicable Sales During 3 Mo. Period ² (mcf)	(6) GCBA Factor From Second Preceding 3 Mo. Period (cents/mcf)	(7) Recovery Under GCBA (\$)	(8) Remaining Over (Under) Recovery (\$)	(9) Deferred Amounts Recovery (\$)	(10) Total Remaining Over (Under) Recovery (\$)	(11) Expected Sales For 3 Mo. Period (mcf)	(12) GCBA (cents/mcf)	(13) GCBA (cents/ccf)
						(5) x (6)	(4) + (7)	(9)	(2 + 3 + 8 + 9)			
Feb 1, 2000 (Case No. 90-158-KK)	99,835		997,935	4,002,459	(24.21)	(968,995)	28,940		128,775	13,916,090	(0.93)	(0.093)
May 1, 2000 (Case No. 90-158-LL)	362,226	(617,311)	(348,046)	15,829,134	1.91	302,336	(45,710)		(300,794)	3,372,657	8.92	0.892
Aug 1, 2000 (Case No. 90-158-MM)	856,195	407,837 ⁴	128,775	11,499,775	(0.93)	(106,415)	22,360		1,286,392	4,242,472	(30.32)	(3.032)
Nov 1, 2000 (Case No. 2000-080-A)	(601,072)	0	(300,794)	3,303,970	8.92	294,668	(6,126)		(607,198)	18,565,717	3.27	0.327
Feb 1, 2001 (Case No. 2000-080-B)	(149,808)	0	1,286,392	3,901,253	(30.32)	(1,182,928)	103,464		(46,344)	13,763,414	0.34	0.034
May 1, 2001 (Case No. 2000-080-D)	(8,940)	(85,029) ⁵	(607,198)	20,091,139	3.27	657,087	49,889		(44,080)	3,450,684	1.28	0.128
Aug 1, 2001 (Case No. 2000-080-G)	80,430		(46,344)	9,271,406	0.34	31,219	(15,126)		65,304	4,314,643	(1.51)	(0.151)
Nov 1, 2001 (Case No. 2000-080-H)	(215,729)		(44,080)	2,905,333	1.28	37,113	(6,966)		(222,695)	18,683,795	1.19	0.119
Feb 1, 2002 (Case No. 2000-080-I)	(196,171)		65,304	3,650,012	(1.51)	(55,244)	10,061		(188,164)	13,597,583	1.38	0.138
May 1, 2002 (Case No. 2002-00110)	(15,777)		(222,695)	13,720,912	1.19	163,542	(59,153)		(74,930)	3,280,770	2.28	0.228
Aug 1, 2002 (Case No. 2002-00261)	(8,188,742)	8,188,742 ⁶	(188,164)	11,586,976	1.38	160,341	(27,823)		(27,823)	3,928,057	0.71	0.071
Nov 1, 2002 (Case No. 2002-00368)	2,636,575		(74,930)	3,095,321	2.28	70,695	(4,236)		2,632,339	17,781,076	(14.80)	(1.480)
Feb 1, 2003 (Case No. 2003-00004)	398,606		(27,823)	3,668,145	0.71	26,044	(1,779)		396,827	13,009,658	(3.05)	(0.305)
May 1, 2003 (Case No. 2003-00121)	97,787		2,632,339	18,255,311	(14.80)	(2,702,546)	(70,207)		27,580	3,519,058	(0.78)	(0.078)
Aug 1, 2003 (Case No. 2003-00260)	19,949		396,827	12,976,494	(3.05)	(395,783)	1,044		20,993	3,691,785	(0.57)	(0.057)
Nov 1, 2003 (Case No. 2003-00385)	35,085		27,580	2,961,852	(0.78)	(23,102)	4,478		39,563	17,166,186	(0.23)	(0.23)
Feb 1, 2004 (Case No. 2004-00506)	40,066	(970) ⁷	20,993	3,440,040	(0.57)	(19,608)	1,385		40,481	12,672,184	(0.32)	(0.32)
May 1, 2004 (Case No. 2004-00XXX)	(46,186)		39,563	16,014,377	(0.23)	(36,833)	2,730		(43,456)	2,869,986 ³	1.51	0.151

1 See Exhibit C-1, page 2.
2 Corresponds with actual applicable sales shown on Exhibit B-1, page 2.
3 Forecasted 3-month period including May 1, 2004 - July 31, 2004
4 Previous value for Case No. 90-158 LL (\$ 617,311) was overstated. The actual value should have been (\$ 209,474). A resulting adjustment of \$407,837 is shown.
5 Final reconciliation of the PBRRC established in Case No. 90-158-KK
6 This amount transferred to Gas Supply Actual Adjustment (Exhibit B-1, page 1 of 6, column 3).
7 This amount represents an over-refund by LG&E from Case No. 2002-00368 of a pipeline supplier refund.

LOUISVILLE GAS AND ELECTRIC COMPANY

Amount of Over (Under) Recovery -- See Exhibit B-1, Page 1		As Pro-Rated for Service Rendered During:		GCAA Case No.		GCAA Case No.		GCAA Case No.		GCAA Case No.		GCAA Case No.	
Total Monthly Mcf Sales (1)	Previous Month (2)	Current Month (3)	Following Month (4)	2000-080-A		2000-080-B		2000-080-D		2000-080-H		2000-080-I	
				Amount Billed Under GCAA	cents per Mcf	Amount Billed Under GCAA	cents per Mcf	Amount Billed Under GCAA	cents per Mcf	Amount Billed Under GCAA	cents per Mcf	Amount Billed Under GCAA	cents per Mcf	Amount Billed Under GCAA	cents per Mcf
2001 June	826,818	826,818		784,154.10 (1)									
July	886,205	886,205		840,477.01 (1)									
August	876,093	390,262	886,205	830,886.51 (1)	-150,121.75 (3)								
September	793,011		793,011	752,091.73 (1)	-245,040.43 (1)								
October	1,192,596		1,192,596	1,131,058.43 (1)	-368,512.29 (1)								
November	2,378,687	1,178,574	1,200,113	2,255,946.85 (1)	-735,014.31 (1)								
December	3,468,225	-9,941	6,568,912	3,289,264.31 (1)	-1,071,681.43 (1)								
2002 January	6,568,912		2,483,662	6,229,956.14 (1)	-2,029,793.81 (1)								
February	5,134,404			4,869,468.94 (1)	-1,586,530.90 (1)								
March	5,279,406			5,006,988.93 (1)	-1,631,336.55 (1)								
April	3,043,937	3,754		2,886,869.57 (1)	-940,576.44 (1)								
May	1,404,972		616,645	84,825.83 (2)									
June	1,122,503		1,122,503										
July	824,878		824,878										
August	755,634	355,860	399,774										
September	814,598												
October	1,104,152												
November	2,892,739	1,349,623	1,543,116										
December	5,998,731												
2003 January	7,002,308												
February	7,805,666	3,711,157	4,094,509										
March	5,679,970												
April	2,535,197												
May	1,479,713	672,689	807,024										
June	1,001,262												
July	813,388												
August	776,397	334,307	442,090										
September	838,187												
October	1,205,172												
November	2,087,577	954,592	1,132,986										
December	4,861,196												
2004 January	6,693,093												
February	7,344,817	3,327,102	4,017,715										
Total Amount Billed Under GCAA				29,461,988	(9,904,446)	(1,500,939)	(3,942,685)	1,858,256	12,267,225	1,723,623	1,132,568		
Remaining Amount of Over (Under) Recovery				(8,949,404)	2,636,575	398,606	97,787	20,236	36,987	40,066	(46,186)		

(1) GCAA Times Sales Shown in Column 1.
(2) GCAA Times Sales Shown in Column 2.
(3) GCAA Times Sales Shown in Column 3.
(4) GCAA Times Sales Shown in Column 4.

LOUISVILLE GAS AND ELECTRIC COMPANY

Gas Supply Clause: 2004-00XXX

Refund Factors (RF) continuing for twelve months from the effective date of each or until LG&E has discharged its refund obligations thereunder.

The purpose of this adjustment is to pass through refunds received by Louisville Gas and Electric Company ("LG&E") associated with Texas Gas Transmission Corporation.

Since no new refunds have been received, there is no Refund Factor in effect and applicable to gas service rendered for the period February 1, 2004 through April 30, 2004.

	<u>Sale Volumes</u>	<u>Transportation Volumes</u>
Refund Factor Effective May 1, 2004 (a)	\$0.0000/Ccf	\$0.0000/Ccf

- (a) Please note that Louisville Gas and Electric's Tariff Sales Volumes receive both the commodity-related and demand-related portion of the Refund Factor. Transportation volumes under the Rate TS receive only the demand-related portion of the Refund Factor

LOUISVILLE GAS AND ELECTRIC

**Gas Supply Clause: 2004-00xxx
Calculation of Performance Based Rate Recovery Component (PBRRC)**

The purpose of the PBRRC is to collect Louisville Gas and Electric's portion of the savings created under the gas supply cost PBR. Pursuant to the gas supply cost PBR mechanism approved in Case No. 2001-00117, the PBRRC established in Case No. 2003-00506, which became applicable to gas service rendered on and after February 1, 2004 and will remain in effect until January 31, 2005, is \$0.01084 and \$0.00294 per 100 cubic feet for sales and standby transportation volumes respectively:

	<u>Sales Volumes</u>	<u>Transportation Volumes</u>
Commodity-Related Portion	\$0.00790/Ccf	\$0.00000/Ccf
Demand-Related Portion	<u>\$0.00294/Ccf</u>	<u>\$0.00294/Ccf</u>
Total PBRRC	\$0.01084/Ccf	\$0.00294/Ccf

Please note that Louisville Gas and Electric's tariff sales volumes receive both the commodity-related and demand-related portion of the PBRRC. Transportation volumes under Rate TS receive only the demand-related portion of the PBRRC.

Gas Supply Clause 2004-00XXX
Shareholder Portion of PBR Savings
PBR Year 6
Split between Demand (Fixed) and Commodity (Volumetric) Components
As Determined in LG&E's Fourth Quarterly PBR Filing

	<u>Commodity</u>	<u>Demand</u>	<u>Total</u>
Company Share of PBR Savings or (Expenses) (CSPBR)	\$2,877,545	\$1,082,742	\$3,960,287

LOUISVILLE GAS AND ELECTRIC COMPANY

**GAS SERVICE RATES EFFECTIVE WITH SERVICE
RENDERED FROM MAY 1, 2004 THROUGH JULY 31, 2004**

	RATE PER 100 CUBIC FEET				
	CUSTOMER CHARGE (PER MONTH)	DISTRIBUTION COST COMPONENT	GAS SUPPLY COST COMPONENT (GSCC)	DSM COST RECOVERY COMPONENT	TOTAL
RATE RGS - RESIDENTIAL					
CUSTOMER CHARGE	\$7.00				
APRIL THRU OCTOBER					
FIRST 1000 CCF/MONTH		\$0.13457	\$0.74885	0.00324	\$0.88666
OVER 1000 CCF/MONTH		\$0.08457	\$0.74885	0.00324	\$0.83666
NOVEMBER THRU MARCH					
ALL CCF		\$0.13457	\$0.74885	0.00324	\$0.88666
RATE CGS - COMMERCIAL (meter capacity < 5000 CF/HR)					
CUSTOMER CHARGE	\$16.50				
APRIL THRU OCTOBER					
FIRST 1000 CCF/MONTH		\$0.13457	\$0.74885	-0.00053	\$0.88289
OVER 1000 CCF/MONTH		\$0.08457	\$0.74885	-0.00053	\$0.83289
NOVEMBER THRU MARCH					
ALL CCF		\$0.13457	\$0.74885	-0.00053	\$0.88289
RATE CGS - COMMERCIAL (meter capacity >= 5000 CF/HR)					
CUSTOMER CHARGE	\$117.00				
APRIL THRU OCTOBER					
FIRST 1000 CCF/MONTH		\$0.13457	\$0.74885	-0.00053	\$0.88289
OVER 1000 CCF/MONTH		\$0.08457	\$0.74885	-0.00053	\$0.83289
NOVEMBER THRU MARCH					
ALL CCF		\$0.13457	\$0.74885	-0.00053	\$0.88289
RATE IGS - INDUSTRIAL (meter capacity < 5000 CF/HR)					
CUSTOMER CHARGE	\$16.50				
APRIL THRU OCTOBER					
FIRST 1000 CCF/MONTH		\$0.13457	\$0.74885	0.00000	\$0.88342
OVER 1000 CCF/MONTH		\$0.08457	\$0.74885	0.00000	\$0.83342
NOVEMBER THRU MARCH					
ALL CCF		\$0.13457	\$0.74885	0.00000	\$0.88342
RATE IGS - INDUSTRIAL (meter capacity >= 5000 CF/HR)					
CUSTOMER CHARGE	\$117.00				
APRIL THRU OCTOBER					
FIRST 1000 CCF/MONTH		\$0.13457	\$0.74885	0.00000	\$0.88342
OVER 1000 CCF/MONTH		\$0.08457	\$0.74885	0.00000	\$0.83342
NOVEMBER THRU MARCH					
ALL CCF		\$0.13457	\$0.74885	0.00000	\$0.88342
RATE G-6 - COMMERCIAL	\$150.00	\$0.06855	\$0.74885	-0.00053	\$0.81687
RATE G-6 - INDUSTRIAL	\$150.00	\$0.06855	\$0.74885	0.00000	\$0.81740
(MIN. BILL)					
RATE G-7 - COMMERCIAL	\$500.00	\$0.04300	\$0.74885	-0.00053	\$0.79132
RATE G-7 - INDUSTRIAL	\$500.00	\$0.04300	\$0.74885	0.00000	\$0.79185

EFFECTIVE RATES FOR RATE TS TRANSPORTATION SERVICE

RENDERED FROM MAY 1, 2004 THROUGH JULY 31, 2004

	<u>RATE PER MCF</u>				
	<u>ADMIN. CHARGE (PER MONTH)</u>	<u>LG&E DIST CHARGE</u>	<u>PIPELINE SUPPLIER'S DEMAND COMPONENT</u>	<u>DSM COST RECOVERY COMPONENT</u>	<u>TOTAL</u>
RATE TS					
RATE CGS - COMMERCIAL	\$90.00				
APRIL THRU OCTOBER					
FIRST 100 MCF/MONTH		\$1.3457	\$0.7365	-0.00053	\$2.0817
OVER 100 MCF/MONTH		\$0.8457	\$0.7365	-0.00053	\$1.5817
NOVEMBER THRU MARCH					
ALL MCF		\$1.3457	\$0.7365	-0.00053	\$2.0817
RATE IGS - INDUSTRIAL					
RATE IGS - INDUSTRIAL	\$90.00				
APRIL THRU OCTOBER					
FIRST 100 MCF/MONTH		\$1.3457	\$0.7365	0.00000	\$2.0822
OVER 100 MCF/MONTH		\$0.8457	\$0.7365	0.00000	\$1.5822
NOVEMBER THRU MARCH					
ALL MCF		\$1.3457	\$0.7365	0.00000	\$2.0822
RATE G-6 - COMMERCIAL					
RATE G-6 - COMMERCIAL	\$90.00	\$0.6855	\$0.7365	-0.00053	\$1.4215
RATE G-6 - INDUSTRIAL					
RATE G-6 - INDUSTRIAL	\$90.00	\$0.6855	\$0.7365	0.00000	\$1.4220

L G & E

Charges for Gas Transportation Services Provided Under Rate FT

(May 1, 2004 Through July 31, 2004)

Transportation Service:

Monthly Transportation Administrative Charge	\$90.00
Distribution Charge / Mcf Delivered	\$0.4300

Ancillary Services:

Daily Demand Charge	\$0.1701
Daily Storage Charge	<u>\$0.1200</u>
Utilization Charge per Mcf for Daily Balancing	\$0.2901
Monthly Demand Charge per Mcf of Reserved Balancing Service	\$5.17

Cash-Out Provision for Monthly Imbalances	Percentage to be Multiplied by cash-out Price *
---	---

Cash-Out Provision for Monthly Imbalances:

Where Usage is Greater than Transported Volume - Billing:

First 5% or less	100%
next 5%	110%
next 5%	120%
next 5%	130%
> than 20%	140%

Where Transported Volume is Greater than Usage - Purchase:

First 5% or less	100%
next 5%	90%
next 5%	80%
next 5%	70%
> than 20%	60%

* The cash-out price is equal to the monthly average "Gas Daily" price for Dominion - South Point

L G & E

**Charges for Gas Transportation Services Provided Under Rate FT
(for Special Contract Customers)**

(May 1, 2004 Through July 31, 2004)

Transportation Service:

Monthly Transportation Administrative Charge	\$90.00
Monthly Customer Charge	\$180.00
Distribution Charge / Mcf Delivered	\$0.1049
Monthly Demand Charge/Mcf	\$2.75

Ancillary Services:

Daily Demand Charge	\$0.1701
Daily Storage Charge	<u>\$0.1200</u>
Utilization Charge per Mcf for Daily Balancing	\$0.2901
Monthly Demand Charge per Mcf of Reserved Balancing Service	\$5.17

Cash-Out Provision for Monthly Imbalances	Percentage to be Multiplied by cash-out Price *
---	---

Cash-Out Provision for Monthly Imbalances:

Where Usage is Greater than Transported Volume - Billing:

First 5% or less	100%
next 5%	110%
next 5%	120%
next 5%	130%
> than 20%	140%

Where Transported Volume is Greater than Usage - Purchase:

First 5% or less	100%
next 5%	90%
next 5%	80%
next 5%	70%
> than 20%	60%

* The cash-out price is equal to the monthly average "Gas Daily" price for Dominion - South Point